



TO: Boards of Assessors
FROM: Joanne Graziano, Chief, Local Assessment
DATE: June 14, 2017
TOPIC: CERTIFIED TELEPHONE & TELEGRAPH VALUATIONS
FISCAL YEAR 2018

The Commissioner of Revenue has determined and hereby certifies the full and fair cash valuation of taxable telephone and telegraph machinery, poles, wires and underground conduits, wires and pipes of the centrally valued telephone and telegraph companies, as of January 1, 2017. These [valuations](#) are certified for fiscal year 2018 under Massachusetts General Laws Chapter 59, Section 39. Generally, the property owner or the board of assessors with a claim that a certified value is substantially too high or substantially too low, as the case may be, must appeal the valuation to the Appellate Tax Board (ATB) on or before July 15, 2017.

Centrally Valued Property

The Commissioner values only those designated telephone and telegraph assets that are taxable under the General Laws. With respect to machinery, telephone and telegraph companies doing business as corporations, or partnerships, trusts, limited liability companies (LLCs) or other non-corporate entities that elect or are required to be treated as corporations for federal income tax purposes, are subject to central valuation for only electric generating machinery under M.G.L. c. 59, § 18, Second and M.G.L. c. 59, § 5, cl. 16(1) (machinery used in manufacture); Assessors of Springfield v. Commissioner of Corporation and Taxation, 321 Mass. 186 (1947). Telephone and telegraph companies doing business as partnerships, trusts or LLCs are subject to central valuation on all machinery used to provide telephone service, including switching and routing machinery. M.G.L. c. 59, § 39; M.G.L. c. 59 § 18, First and Sixth; RCN-BecoCom, LLC v. Commissioner of Revenue, 443 Mass. 198 (2005).

All telephone and telegraph companies, whether doing business as corporations, partnerships, trusts or LLCs, are subject to central valuation for poles, wires, underground conduits, wires and pipes over public and private property. M.G.L. c. 59, § 39; M.G.L. c. 59, § 5, cl. 16(1); M.G.L. c. 59, § 18, First, Fifth and Sixth. They are also subject to central valuation for taxable telephone personal property that is construction work in progress (CWIP) or owned but not necessarily in service. Verizon New England, Inc. v. City of Boston, 81 Mass. App. Ct. 444 (2012).

In addition, partnerships, trusts and LLCs not treated as corporations for federal income tax purposes are subject to local valuation on all other non-telephone personal property. Therefore, those companies must file a Form of List with the assessors in all communities where such other personal property is located. (See the posted list of FY2018 Centrally Valued Telephone Company Addresses to identify these companies.)

Central Valuation Appeals

The statutory deadline for filing an appeal at the ATB from the Commissioner's central valuation is July 15, 2017. The statute also provides, however, if a company or board that does not file its own appeal by that date receives notice that the other party filed an appeal, the company or board may file an appeal in response to that party's filing by July 30, 2017, or 15 days after receiving the notice, whichever is later. M.G.L. c. 59, § 39, as amended by St. 2016, c. 218, § 134 (Municipal Modernization Act).

FY2018 Company Reporting and Valuation Issues

MCI Metro Access Transmission Services of Massachusetts, Inc., a prior year taxpayer, merged into MCI Metro Access Transmission Services Corp.

Richmond Telephone Company, a prior year taxpayer, was purchased during 2016 and is now reporting as Magna5 RTC LLC. This also reflects the change in entity status from a corporation to LLC.

Utel, Inc., a prior year taxpayer, became BayRing Communications.

Overlay Account Provisions

Assessors must ensure that the overlay is sufficient to cover any company appeals of the Commissioner's valuations.

CWIP and New Growth

The Bureau values taxable CWIP. However, to avoid double counting last year's CWIP as new growth in the current year and to be as accurate as possible given the companies' reporting limitations, we subtract the prior year's CWIP number from the total new growth identified by companies for each community in the current year. In the event that a company reports a larger amount of CWIP in the prior year than new growth in the current year, we net the community's new growth only to zero, never a negative number. In the majority of instances we believe that growth from items placed in service is higher than the prior year's CWIP due to the addition of indirect costs.

New growth will remain a completely separate calculation so as not to affect the DOR's mass appraisal valuation model.

Company Local Filing Requirements

With respect to **local filing requirements**, telephone and telegraph companies organized as partnerships, trusts, LLCs or other unincorporated legal entities are not entitled to any corporate property tax exemptions, unless they are treated as corporations for federal income tax purposes,. M.G.L. c. 59, § 5, cl. 16; M.G.L. c. 63, §§ 30(1), 30(2), 39, 52A and 68C. Except for the centrally valued telephone and telegraph property, they are subject to local valuation and assessment on all other personal property situated in the community.

This may include dedicated cable TV and Internet access machinery of bundled carriers, but all property used for both telephone service and cable TV or Internet access should have been reported centrally and valued as part of this certification.

DOR Categorical Listing of Data by Federal Communications Commission Codes (FCC)

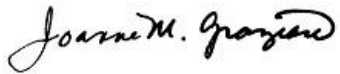
On June 30, 2017 the Department will post to our [website](#) the *Additional Landline Telephone and Telegraph Personality by FCC Code* by community for each of the centrally valued telephone and telegraph companies by any applicable (FCC) categories we use, plus categories for CWIP and spares by community. The additional data is available on our website in a second pivot table. That table is for informational purposes only and the numbers are not rounded. Only the data provided on the *FY2018 Centrally Valued Telephone and Telegraph Company Values*, also issued on June 14, 2017, should be used for billing purposes and for completing the FY2018 LA4 (Assessment Classification Report) for tax rate setting purposes.

Company Lists and Addresses

Centrally valued telephone and telegraph company billing names and addresses as reported by the companies are posted on our [website](#) for your convenience. Also, we have provided a list of companies that filed state returns but were not centrally valued. Those companies and all others that did not file central returns should be valued locally.

Questions regarding valuations may be directed to John Gillet at 617-626-3605 or email at gilletj@dor.state.ma.us.

Sincerely,

A handwritten signature in black ink, reading "Joanne M. Graziano". The signature is written in a cursive, flowing style.

Joanne Graziano, Chief
Bureau of Local Assessment

JG/jag